



**Condensed Interim Consolidated Financial Statements**  
**For the Six and Three Months Ended June 30, 2021**

**These condensed interim consolidated financial statements have not been  
reviewed by the Company's auditor.**

**Gamehost Inc.**  
**Condensed Interim Consolidated Statements of Profit and Comprehensive Profit**

*In millions of Canadian dollars*  
*(Except per share figures)*

|                                                                       | Notes | <i>Unaudited</i>         |         | <i>Unaudited</i>           |           |
|-----------------------------------------------------------------------|-------|--------------------------|---------|----------------------------|-----------|
|                                                                       |       | six months ended June 30 |         | three months ended June 30 |           |
|                                                                       |       | 2021                     | 2020    | 2021                       | 2020      |
| <b>Operating revenue</b>                                              |       | \$ 4.0                   | \$ 15.7 | \$ 2.9                     | \$ 1.8    |
| Cost of sales                                                         |       |                          |         |                            |           |
| Other                                                                 |       | (5.1)                    | (10.8)  | (2.9)                      | (2.5)     |
| Depreciation                                                          | 8, 9  | (1.4)                    | (1.5)   | (0.7)                      | (0.8)     |
|                                                                       |       | (6.5)                    | (12.3)  | (3.6)                      | (3.3)     |
| <b>Gross profit (loss)</b>                                            |       | (2.5)                    | 3.4     | (0.7)                      | (1.5)     |
| Lease and other income                                                | 4     | 2.6                      | 0.5     | 1.3                        | 0.4       |
| Administrative expenses                                               |       |                          |         |                            |           |
| Other                                                                 |       | (0.8)                    | (1.1)   | (0.5)                      | (0.4)     |
| Depreciation                                                          | 8, 9  | (0.5)                    | (0.6)   | (0.3)                      | (0.3)     |
|                                                                       |       | (1.3)                    | (1.7)   | (0.8)                      | (0.7)     |
| <b>Profit (loss) from operating activities</b>                        |       | (1.2)                    | 2.2     | (0.2)                      | (1.8)     |
| Fair value adjustment                                                 |       | -                        | (0.6)   | -                          | -         |
| Net finance costs                                                     |       | (0.8)                    | (0.8)   | (0.3)                      | (0.4)     |
| <b>Profit (loss) before income taxes</b>                              |       | (2.0)                    | 0.8     | (0.5)                      | (2.2)     |
| Income tax (expense) recovery                                         | 5     | 0.5                      | (0.1)   | 0.1                        | 0.6       |
| <b>Profit (loss) and comprehensive profit (loss)</b>                  |       | \$ (1.5)                 | \$ 0.7  | \$ (0.4)                   | \$ (1.6)  |
| <b>Profit (loss) and comprehensive profit (loss) attributable to:</b> |       |                          |         |                            |           |
| Shareholders                                                          |       | \$ (1.4)                 | \$ 0.6  | \$ (0.4)                   | \$ (1.5)  |
| Non-controlling interest                                              |       | (0.1)                    | 0.1     | -                          | (0.1)     |
|                                                                       |       | \$ (1.5)                 | \$ 0.7  | \$ (0.4)                   | \$ (1.6)  |
| <b>Earnings (loss) per share</b>                                      |       |                          |         |                            |           |
| Basic and fully diluted                                               | 6     | \$ (0.06)                | \$ 0.02 | \$ (0.02)                  | \$ (0.06) |
| <b>Weighted average number of common shares outstanding</b>           | 12    |                          |         |                            |           |
| Basic and fully diluted                                               |       | 23.2                     | 24.1    | 23.1                       | 24.0      |

The accompanying notes are an integral part of the consolidated financial statements.

**Gamehost Inc.**
**Condensed Interim Consolidated Statements of Financial Position**

| <i>In millions of Canadian dollars</i> |       | <i>Unaudited</i>     |        | <i>Audited</i>           |        |
|----------------------------------------|-------|----------------------|--------|--------------------------|--------|
|                                        |       | <b>June 30, 2021</b> |        | <b>December 31, 2020</b> |        |
|                                        | Notes |                      |        |                          |        |
| <b>Assets</b>                          |       |                      |        |                          |        |
| Current                                |       |                      |        |                          |        |
| Cash                                   |       | \$                   | 15.0   | \$                       | 10.3   |
| Restricted cash                        |       |                      | 0.9    |                          | 0.9    |
| Trade and other receivables            | 7     |                      | 1.2    |                          | 2.1    |
| Inventories                            |       |                      | 0.5    |                          | 0.5    |
| Prepaid expenses                       |       |                      | 0.2    |                          | 0.5    |
| Income tax receivable                  | 5     |                      | 0.5    |                          | -      |
|                                        |       |                      | 18.3   |                          | 14.3   |
| Property, plant and equipment          | 8     |                      | 73.3   |                          | 71.2   |
| Right-of-use assets                    | 9 a)  |                      | 10.2   |                          | 10.6   |
| Goodwill and intangible assets         |       |                      | 76.9   |                          | 76.9   |
| Investment property                    | 10    |                      | 2.0    |                          | 2.0    |
|                                        |       | \$                   | 180.7  | \$                       | 175.0  |
| <b>Liabilities</b>                     |       |                      |        |                          |        |
| Current                                |       |                      |        |                          |        |
| Trade and other payables               |       | \$                   | 2.8    | \$                       | 2.4    |
| Loans and borrowings                   | 11    |                      | 27.2   |                          | 17.4   |
| Lease liabilities                      | 9 b)  |                      | 0.7    |                          | 0.7    |
| Income tax payable                     | 5     |                      | -      |                          | 0.1    |
|                                        |       |                      | 30.7   |                          | 20.6   |
| Loans and borrowings                   | 11    |                      | 22.8   |                          | 23.4   |
| Lease liabilities                      | 9 b)  |                      | 9.7    |                          | 10.1   |
| Deferred tax liabilities               | 5     |                      | 8.1    |                          | 8.1    |
|                                        |       |                      | 71.3   |                          | 62.2   |
| <b>Equity</b>                          |       |                      |        |                          |        |
|                                        | 12    |                      |        |                          |        |
| Share capital                          |       |                      | 157.4  |                          | 159.4  |
| Deficit                                |       |                      | (54.7) |                          | (53.3) |
| Equity attributable to Shareholders    |       |                      | 102.7  |                          | 106.1  |
| Non-controlling interest               |       |                      | 6.7    |                          | 6.7    |
|                                        |       |                      | 109.4  |                          | 112.8  |
|                                        |       | \$                   | 180.7  | \$                       | 175.0  |

The accompanying notes are an integral part of the consolidated financial statements.

**Gamehost Inc.**

**Condensed Interim Consolidated Statements of Changes in Equity**

*In millions of Canadian dollars*

|                                                    | Notes | <b>Unaudited</b>     |                  |                 |                                 |                     |
|----------------------------------------------------|-------|----------------------|------------------|-----------------|---------------------------------|---------------------|
|                                                    |       | <b>Share capital</b> | <b>Deficit</b>   | <b>Total</b>    | <b>Non-controlling interest</b> | <b>Total equity</b> |
| Equity as at January 1, 2020                       |       | \$ 164.3             | \$ (54.4)        | \$ 109.9        | \$ 6.5                          | \$ 116.4            |
| Profit and comprehensive profit                    |       | -                    | 0.6              | 0.6             | 0.1                             | 0.7                 |
| Dividends to shareholders of the Company           |       | -                    | (4.2)            | (4.2)           | -                               | (4.2)               |
| Distributions to non-controlling interest          |       | -                    | -                | -               | (0.4)                           | (0.4)               |
| Shares repurchased for cancellation                |       | (1.4)                | -                | (1.4)           | -                               | (1.4)               |
| Equity as at June 30, 2020                         |       | \$ 162.9             | \$ (58.0)        | \$ 104.9        | \$ 6.2                          | \$ 111.1            |
| <b>Equity as at January 1, 2021</b>                |       | <b>\$ 159.4</b>      | <b>\$ (53.3)</b> | <b>\$ 106.1</b> | <b>\$ 6.7</b>                   | <b>\$ 112.8</b>     |
| <b>Loss and comprehensive Loss</b>                 |       | <b>-</b>             | <b>(1.4)</b>     | <b>(1.4)</b>    | <b>(0.1)</b>                    | <b>(1.5)</b>        |
| <b>Contributions from non-controlling interest</b> |       | <b>-</b>             | <b>-</b>         | <b>-</b>        | <b>0.1</b>                      | <b>0.1</b>          |
| <b>Shares repurchased for cancellation</b>         | 12    | <b>(2.0)</b>         | <b>-</b>         | <b>(2.0)</b>    | <b>-</b>                        | <b>(2.0)</b>        |
| <b>Equity as at June 30, 2021</b>                  |       | <b>\$ 157.4</b>      | <b>\$ (54.7)</b> | <b>\$ 102.7</b> | <b>\$ 6.7</b>                   | <b>\$ 109.4</b>     |

The accompanying notes are an integral part of the consolidated financial statements.

**Gamehost Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**

*In millions of Canadian dollars*

| In millions of Canadian dollars                     |    | Unaudited                |       | Unaudited                  |       |    |       |    |       |
|-----------------------------------------------------|----|--------------------------|-------|----------------------------|-------|----|-------|----|-------|
|                                                     |    | six months ended June 30 |       | three months ended June 30 |       |    |       |    |       |
|                                                     |    | 2021                     | 2020  | 2021                       | 2020  |    |       |    |       |
| Notes                                               |    |                          |       |                            |       |    |       |    |       |
| Cash provided by (used in):                         |    |                          |       |                            |       |    |       |    |       |
| Operating activities                                |    |                          |       |                            |       |    |       |    |       |
| Profit (loss) and comprehensive profit (loss)       |    | \$                       | (1.5) | \$                         | 0.7   | \$ | (0.4) | \$ | (1.6) |
| Adjustments for:                                    |    |                          |       |                            |       |    |       |    |       |
| Depreciation of property, plant and equipment       |    |                          | 1.9   |                            | 2.1   |    | 1.0   |    | 1.1   |
| Finance costs                                       |    |                          | 0.8   |                            | 0.9   |    | 0.4   |    | 0.3   |
| Fair value adjustment                               |    |                          | -     |                            | 0.6   |    | -     |    | -     |
| Income tax expense (recovery)                       | 5  |                          | (0.5) |                            | 0.1   |    | (0.1) |    | (0.6) |
|                                                     |    |                          | 0.7   |                            | 4.4   |    | 0.9   |    | (0.8) |
| Change in:                                          |    |                          |       |                            |       |    |       |    |       |
| Non-cash working capital:                           |    |                          |       |                            |       |    |       |    |       |
| Trade and other receivables                         |    |                          | 0.9   |                            | 1.1   |    | (0.6) |    | 0.3   |
| Inventories                                         |    |                          | -     |                            | -     |    | -     |    | (0.1) |
| Prepaid expenses                                    |    |                          | 0.3   |                            | 0.1   |    | 0.2   |    | 0.2   |
| Trade and other payables                            |    |                          | 0.3   |                            | (1.1) |    | 0.6   |    | 0.1   |
| Finance costs paid                                  |    |                          | (0.8) |                            | (0.6) |    | (0.4) |    | (0.1) |
| Income taxes paid                                   |    |                          | (0.1) |                            | (0.8) |    | -     |    | -     |
| Net cash provided by (used in) operating activities |    |                          | 1.3   |                            | 3.1   |    | 0.7   |    | (0.4) |
| Investing activities                                |    |                          |       |                            |       |    |       |    |       |
| Purchase of property, plant and equipment           | 8  |                          | (3.5) |                            | (0.2) |    | (3.2) |    | (0.1) |
| Net cash used in investing activities               |    |                          | (3.5) |                            | (0.2) |    | (3.2) |    | (0.1) |
| Financing activities                                |    |                          |       |                            |       |    |       |    |       |
| Proceeds of loans and borrowings                    | 11 |                          | 9.8   |                            | 6.4   |    | 8.9   |    | 6.4   |
| Payments on loans and borrowings                    | 11 |                          | (0.6) |                            | (4.6) |    | (0.3) |    | -     |
| Payments on lease liabilities                       | 9  |                          | (0.4) |                            | (0.5) |    | (0.2) |    | (0.2) |
| Contributions from non-controlling interest         |    |                          | 0.1   |                            | -     |    | 0.1   |    | -     |
| Distributions to non-controlling interest           |    |                          | -     |                            | (0.3) |    | -     |    | -     |
| Dividends paid                                      | 12 |                          | -     |                            | (5.6) |    | -     |    | (1.4) |
| Share repurchases                                   | 12 |                          | (2.0) |                            | (1.4) |    | (1.2) |    | (0.7) |
| Net cash provided by (used in) financing activities |    |                          | 6.9   |                            | (6.0) |    | 7.3   |    | 4.1   |
| Net increase (decrease) in cash                     |    |                          | 4.7   |                            | (3.1) |    | 4.8   |    | 3.6   |
| Opening cash                                        |    |                          | 10.3  |                            | 15.4  |    | 10.2  |    | 8.7   |
| Closing cash                                        |    | \$                       | 15.0  | \$                         | 12.3  | \$ | 15.0  | \$ | 12.3  |

The accompanying notes are an integral part of the consolidated financial statements.

## 1 REPORTING ENTITY

Gamehost Inc. (the "Company") is a publicly listed company incorporated in Canada under the Business Corporations Act (Alberta). The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "GH". The head office is located at 104 - 548 Laura Avenue, Red Deer Country, Alberta T4E 0A5. The registered office and location of records is located at 1400, 350 – 7th Avenue SW Calgary, Alberta T2P 3N9.

Gamehost Inc., its wholly owned subsidiary Gamehost Limited Partnership, and its 91% controlling interest in Deerfoot Inn & Casino Inc, collectively ("Gamehost") operates entirely in the province of Alberta. Operations include the Deerfoot Inn & Casino ("Deerfoot") in Calgary, Rivers Casino & Entertainment Center ("Rivers" formerly - Boomtown Casino) in Fort McMurray, the Great Northern Casino ("Great Northern"), Service Plus Inns & Suites ("Service Plus"), and Encore Suites by Service Plus Inns ("Encore") all located in Grande Prairie.

The Company is also the owner of an investment property located adjacent to its operating properties in Grande Prairie.

Gaming operations of the Company are controlled by Alberta Gaming, Liquor and Cannabis Commission ("AGLC"), including Company owned table games and government owned slot machines, video lottery terminals ("VLT"), electronic gaming tables ("EGT"), and lottery ticket kiosks. Hotel operations of the Company include full and limited service hotels, and banquet and convention services. Food, beverages and entertainment are offered at each of the Company's casino locations.

## 2 BASIS OF PREPARATION

These Condensed Interim Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. Certain information and disclosures normally provided in audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Financial Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") have been omitted or condensed. As such, these Condensed Interim Consolidated Financial Statements should be read in conjunction with the Gamehost Inc's Audited Consolidated Financial Statements for the year ended December 31, 2020 ("Annual Financial Statements").

These Condensed Interim Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on May 11, 2021. The policies applied in preparation of these Condensed Interim Consolidated Financial Statements are consistent with those applied in the Company's Annual Financial Statements.

Certain prior year amounts pertaining to leases have been reclassified to conform with the presentation adopted in the current year.

### 3 OPERATING SEGMENTS

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating results of each segment for which specific financial information is available are reviewed regularly by the Company's Chief Operating Officer ("COO"), to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the COO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the Year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Company's reportable segments are strategic business units that offer different services. They are managed separately because of their unique operational and marketing requirements. Each segment complements the other segments. The Gaming segment includes three casinos offering slot machines, VLT's, lottery ticket kiosks and table games. The Hotel segment includes three hotels catering to mid-range clients. The Food and Beverage segment has operations that are located within the casinos and hotels as a complement to those segments.

| six months ended June 30, 2021    | Gaming   | Hotel    | Food & Beverage | Corporate and Other <sup>1</sup> | Total    |
|-----------------------------------|----------|----------|-----------------|----------------------------------|----------|
| Total revenues                    | \$ 1.9   | \$ 2.4   | \$ 0.6          | \$ 1.7                           | \$ 6.6   |
| Profit (loss) before income taxes | \$ (1.1) | \$ (0.5) | \$ (0.6)        | \$ 0.2                           | \$ (2.0) |
| Segment assets                    | \$ 82.2  | \$ 66.8  | \$ 28.6         | \$ 3.1                           | \$ 180.7 |
| Segment liabilities               | \$ 27.3  | \$ 24.8  | \$ 10.9         | \$ 8.3                           | \$ 71.3  |
| Capital expenditures              | \$ 1.1   | \$ -     | \$ 2.4          | \$ -                             | \$ 3.5   |
| six months ended June 30, 2020    | Gaming   | Hotel    | Food & Beverage | Corporate and Other <sup>1</sup> | Total    |
| Total revenues                    | \$ 9.8   | \$ 3.2   | \$ 3.1          | \$ 0.1                           | \$ 16.2  |
| Profit (loss) before income taxes | \$ 3.8   | \$ (0.6) | \$ (0.1)        | \$ (2.3)                         | \$ 0.8   |
| Segment assets                    | \$ 73.8  | \$ 68.7  | \$ 24.1         | \$ 3.3                           | \$ 169.9 |
| Segment liabilities               | \$ 19.4  | \$ 21.5  | \$ 8.8          | \$ 7.5                           | \$ 57.2  |
| Capital expenditures              | \$ 0.1   | \$ 0.1   | \$ -            | \$ -                             | \$ 0.2   |

<sup>1</sup> Corporate and Other consists of revenues and expenses which are not allocated to operating segments and do not meet the definition of an operating segment on their own.



#### 4 LEASE AND OTHER INCOME

|                                        | six months ended<br>June 30 |      | three months ended<br>June 30 |      |
|----------------------------------------|-----------------------------|------|-------------------------------|------|
|                                        | 2021                        | 2020 | 2021                          | 2020 |
| Lease and other income                 |                             |      |                               |      |
| Gross revenue from investment property | 0.1                         | 0.1  | 0.1                           | -    |
| Other income                           | 2.5                         | 0.4  | 1.2                           | 0.4  |
|                                        | 2.6                         | 0.5  | 1.3                           | 0.4  |

Lease and other income is comprised of net profits from investment property leasing activities, lease income from food services operators at the Company's Great Northern and Rivers casinos, COVID-19 subsidies and other miscellaneous incomes. As lessor, the Company is responsible for all exterior or building shell maintenance and capital expenditures at the Company's investment property. The Company manages the operational costs including property tax, building insurance, repairs and maintenance and security of the property which costs are shared pro-rata by property tenants as common area costs. A lease at the Company's investment property, expired without renewal during the Period. The investment property is now vacant.

The Company received COVID-19 relief under the Canada Emergency Wage Subsidy (CEWS) program and the Canada Emergency Rent Subsidy (CERS) program. Tourism levy fees collected during the Period were retained as revenue under a relief program sponsored by the Government of Alberta ("GOA"). This program expired at the end of the Quarter. All amounts received or accrued under all COVID-19 relief programs are recorded in other income. The duration of CEWS and CERS relief programs is uncertain beyond June 2021.

#### 5 INCOME TAX

| six months ended June 30                          | 2021     | 2020   |
|---------------------------------------------------|----------|--------|
| Current tax expense                               | \$ (0.4) | \$ 0.4 |
| Deferred tax expense (recovery)                   |          |        |
| Origination and reversal of temporary differences | (0.1)    | (0.3)  |
| Income tax expense (recovery)                     | \$ (0.5) | \$ 0.1 |

##### Reconciliation of effective tax rate

Actual income tax expense differs from the expected income tax expense that would have been computed by applying the statutory income tax rate to profit before income taxes for the following reasons:

| six months ended June 30                              | 2021     | 2020   |
|-------------------------------------------------------|----------|--------|
| Profit attributable to Shareholders before income tax | \$ (1.9) | \$ 0.7 |
| Combined federal and provincial statutory tax rate    | 23.0%    | 24.0%  |
| Expected income tax expense                           | (0.4)    | 0.2    |
| Adjustments in determining income tax expense         |          |        |
| Effect of changes in temporary differences            | (0.1)    | (0.1)  |
| Income tax expense (recovery)                         | \$ (0.5) | \$ 0.1 |

Substantially enacted tax laws, as they relate to the Company's liability for current and deferred taxes, have been factored into the determination of reported taxes.

## 5 INCOME TAX (Continued)

Recognized deferred tax assets and liabilities

The income tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are presented below:

| as at                             | June 30, 2021 |             |       | December 31, 2020 |             |       |
|-----------------------------------|---------------|-------------|-------|-------------------|-------------|-------|
|                                   | Assets        | Liabilities | Net   | Assets            | Liabilities | Net   |
| Leased right-of-use assets        | 2.4           | -           | 2.4   | 2.5               | -           | 2.5   |
| Intangible assets                 | -             | (6.4)       | (6.4) | -                 | (6.4)       | (6.4) |
| Property, plant and equipment     | -             | (4.1)       | (4.1) | -                 | (4.2)       | (4.2) |
| Deferred tax assets (liabilities) | 2.4           | (10.5)      | (8.1) | 2.5               | (10.6)      | (8.1) |

## 6 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding. The Company had no potentially dilutive common shares during the periods reported.

|                                                                            | six months ended<br>June 30 |         | three months ended<br>June 30 |           |
|----------------------------------------------------------------------------|-----------------------------|---------|-------------------------------|-----------|
|                                                                            | 2021                        | 2020    | 2021                          | 2020      |
| Profit (loss) and comprehensive profit (loss) attributable to shareholders | \$ (1.4)                    | \$ 0.6  | \$ (0.4)                      | \$ (1.5)  |
| Weighted average common shares outstanding                                 | 23.2                        | 24.1    | 23.1                          | 24.0      |
| Basic and fully diluted earnings (loss) per share                          | \$ (0.06)                   | \$ 0.02 | \$ (0.02)                     | \$ (0.06) |

## 7 TRADE AND OTHER RECEIVABLES

|                                 | June 30, 2021 | December 31, 2020 |
|---------------------------------|---------------|-------------------|
| AGLC, ATM and statutory amounts | 0.4           | 0.5               |
| Hotel guest accounts            | 0.2           | 0.3               |
| Other                           | 0.6           | 1.3               |
|                                 | 1.2           | 2.1               |

AGLC and statutory amounts are expected to clear the month following. Hotel and guest accounts are monitored closely for changes in payment patterns and remain well within Company targets for days sales outstanding. No adjustments have been made to estimates for expected credit losses. Other includes various amounts receivable including COVID-19 relief program submissions.

## 8 PROPERTY, PLANT AND EQUIPMENT

The carrying values of property, plant and equipment which comprise of owned assets that do not meet the definition of investment property are reconciled below:

|                                 | Land    | Land<br>Improvement | Buildings | Leaseholds | Furniture and<br>equipment | Total    |
|---------------------------------|---------|---------------------|-----------|------------|----------------------------|----------|
| <b>Cost</b>                     |         |                     |           |            |                            |          |
| At January 1, 2020              | \$ 11.6 | \$ 4.2              | \$ 85.4   | \$ 2.8     | \$ 23.2                    | \$ 127.2 |
| Additions                       | -       | -                   | 2.0       | -          | 0.1                        | 2.1      |
| At December 31, 2020            | \$ 11.6 | \$ 4.2              | \$ 87.4   | \$ 2.8     | \$ 23.3                    | \$ 129.3 |
| Additions                       | -       | -                   | 3.5       | -          | -                          | 3.5      |
| At June 30, 2021                | \$ 11.6 | \$ 4.2              | \$ 90.9   | \$ 2.8     | \$ 23.3                    | \$ 132.8 |
| <b>Accumulated depreciation</b> |         |                     |           |            |                            |          |
| At January 1, 2020              | \$ -    | \$ 1.0              | \$ 30.4   | \$ 2.7     | \$ 20.8                    | \$ 54.9  |
| Depreciation                    | -       | 0.1                 | 2.4       | -          | 0.7                        | 3.2      |
| At December 31, 2020            | \$ -    | \$ 1.1              | \$ 32.8   | \$ 2.7     | \$ 21.5                    | \$ 58.1  |
| Depreciation                    | -       | -                   | 1.1       | -          | 0.3                        | 1.4      |
| At June 30, 2021                | \$ -    | \$ 1.1              | \$ 33.9   | \$ 2.7     | \$ 21.8                    | \$ 59.5  |
| <b>Carrying value</b>           |         |                     |           |            |                            |          |
| At December 31, 2020            | \$ 11.6 | \$ 3.1              | \$ 54.6   | \$ 0.1     | \$ 1.8                     | \$ 71.2  |
| At June 30, 2021                | \$ 11.6 | \$ 3.1              | \$ 57.0   | \$ 0.1     | \$ 1.5                     | \$ 73.3  |

Equipment provided by and owned by AGLC including slot, VLT, EGT, and lottery terminals are not included in property, plant and equipment.

The Company has two ongoing building expansion projects with expected completion costs totaling \$8.8. \$5.0 of the total project funding has been advanced to the general contractor at end of the Quarter. No amortization has been recorded on these amounts. The Company will receive \$1.9 in tenant allowances on one project following completion to reduce total costs to a net \$6.9 for both projects.

## 9 LEASES

The Company's leases are comprised of predominantly a property lease for the Rivers Casino & Entertainment Centre and numerous pieces of small equipment throughout the Company, collectively known as right-of-use assets. The corresponding lease liabilities for right-of-use assets are subject to remeasurement for changes in future lease payments with corresponding adjustments made to the carrying value of the right-of-use asset.

Additional lease payments are recognized in profit (loss) and consist of short-term leases with durations of twelve months or less, and leases of low value consisting primarily of small equipment. Additional lease payments also include variable portions of property leases based on usage such as property tax and insurance portions of common area property costs.

### a) Right-of-use assets

|                                          | Buildings | Furniture and equipment | Total   |
|------------------------------------------|-----------|-------------------------|---------|
| Cost                                     |           |                         |         |
| At January 1, 2020                       | \$ 5.0    | \$ 0.7                  | \$ 5.7  |
| Modifications and remeasurements         | 6.8       | -                       | 6.8     |
| At December 31, 2020                     | \$ 11.8   | \$ 0.7                  | \$ 12.5 |
| Additions and disposals                  | -         | 0.1                     | 0.1     |
| At June 30, 2021                         | \$ 11.8   | \$ 0.8                  | \$ 12.6 |
| Accumulated depreciation and impairments |           |                         |         |
| At January 1, 2020                       | \$ 0.8    | \$ 0.2                  | \$ 1.0  |
| Depreciation expense                     | 0.7       | 0.2                     | 0.9     |
| At December 31, 2020                     | \$ 1.5    | \$ 0.4                  | \$ 1.9  |
| Depreciation expense                     | 0.4       | 0.1                     | 0.5     |
| Modifications and remeasurements         | -         | -                       | -       |
| At June 30, 2021                         | \$ 1.9    | \$ 0.5                  | \$ 2.4  |
| Carrying value                           |           |                         |         |
| At December 31, 2020                     | \$ 10.3   | \$ 0.3                  | \$ 10.6 |
| At June 30, 2021                         | \$ 9.9    | \$ 0.3                  | \$ 10.2 |

### b) Lease liabilities

The following table reconciles the opening and ending balances of lease liabilities:

|                                                    |         |
|----------------------------------------------------|---------|
| Lease liabilities at January 1, 2020               | \$ 4.9  |
| Lease payments                                     | (1.1)   |
| Interest accretion                                 | 0.2     |
| Lease modifications and remeasurements             | 6.8     |
| Current lease liabilities at December 31, 2020     | (0.7)   |
| Non-current lease liabilities at December 31, 2020 | \$ 10.1 |
| Lease liabilities at January 1, 2021               | \$ 10.8 |
| Lease payments                                     | (0.6)   |
| Interest accretion                                 | 0.2     |
| Current lease liabilities at June 30, 2021         | (0.7)   |
| Non-current lease liabilities at June 30, 2021     | \$ 9.7  |

## 9 LEASES (Continued)

Lease payments were discounted using rates ranging from 5.0% to 3.5% from the origination of each lease.

The Company expects the following maturities of its undiscounted lease commitments:

| Lease liabilities contractual cash flows (undiscounted) | June 30, 2021 | December 31, 2020 |
|---------------------------------------------------------|---------------|-------------------|
| One year or less                                        | \$ 1.4        | \$ 1.5            |
| Two to five years                                       | 4.6           | 4.9               |
| More than five years                                    | 12.3          | 13.3              |
|                                                         | \$ 18.3       | \$ 19.7           |

A new Rivers building lease includes an additional 6,350 square feet added to the original lease effective August 31, 2021 coinciding with the completion of a capital project in-progress. The expansion portion of the lease will be added to right-of-use assets and lease liabilities at the effective date. Contractual cash flows for this portion of the lease total \$4.6 and is included in the undiscounted lease commitments. The new Rivers lease includes additional rent based on certain revenue thresholds, one renewal option of five years, and a tenant allowance of 50.0% of leasehold improvements to a maximum of \$1.9, none of which has been included in lease liabilities or commitment amounts calculated.

### c) Lease payments recognized in profit and comprehensive profit

The following table summarizes the amounts recognized in profit and comprehensive profit for lease payments:

|                                                             | June 30, 2021 | June 30, 2020 |
|-------------------------------------------------------------|---------------|---------------|
| Lessor activities                                           |               |               |
| Net (income) from lessor activities                         | \$ (0.1)      | \$ (0.1)      |
| Lessee activities                                           |               |               |
| Interest accretion on lease liabilities                     | \$ 0.2        | \$ 0.1        |
| Depreciation expense on right-of-use assets                 | 0.5           | 0.5           |
| Variable and usage expenses related to right-of-use assets  | 0.2           | 0.1           |
| Expenses related to short-term leases                       | 0.1           | 0.5           |
| Lease expense recognized in profit and comprehensive profit | \$ 0.9        | \$ 1.1        |

## 10 INVESTMENT PROPERTY

| Investment property   | Total  |
|-----------------------|--------|
| At January 1, 2020    | \$ 2.8 |
| Fair value adjustment | (0.8)  |
| At December 31, 2020  | \$ 2.0 |
| At June 30, 2021      | \$ 2.0 |

The Company owns a commercial strip in Grande Prairie which it classifies as an investment property. The investment property is vacant effective March 31, 2021.

## 11 LOANS AND BORROWINGS

The Company has a 5 year term loan ("Term loan 1") secured by land and buildings. The rate on Term loan 1 is 3.50%. The Company is making blended monthly principal and interest payments on Term loan 1, amortized over 20 years and 3 months.

The Company has a 5 year term loan ("Term loan 2") secured by land and buildings. The rate on Term loan 2 is variable at the lenders prime rate, 2.45% at the end of the Period. The Company is making blended monthly principal and interest payments on Term loan 2, amortized over 10 years.

Deerfoot has a 5 year term loan secured by its land and buildings. The rate on the Deerfoot loan is 3.50%. Deerfoot is making blended monthly principal and interest payments on the loan, amortized over 20 years and 3 months.

The Company does not currently satisfy all covenants on it's revolving and term loans. The Company has assurances from its lender that no action is being contemplated. With provincial casinos now open or reopening, the Company anticipates cash flows that will satisfy all covenants on an annualized basis.

|                                           | Maturity | June 30, 2021    | December 31, 2020 |
|-------------------------------------------|----------|------------------|-------------------|
| Credit facilities available at face value |          |                  |                   |
| Revolving credit line                     | 1-Dec-23 | \$ 30.0          | \$ 30.0           |
| Term loan 1                               | 1-Dec-23 | 14.1             | 14.4              |
| Term loan 2                               | 1-Dec-25 | 4.8              | 5.0               |
| Deerfoot term loan                        | 1-Dec-23 | 5.1              | 5.2               |
|                                           |          | \$ 54.0          | \$ 54.6           |
| Carrying value of borrowed amounts        |          |                  |                   |
| Current liabilities                       |          |                  |                   |
| Revolving credit line                     |          | \$ 26.0          | \$ 16.2           |
| Term loan 1                               |          | 0.5              | 0.6               |
| Term loan 2                               |          | 0.5              | 0.4               |
| Deerfoot term loan                        |          | 0.2              | 0.2               |
|                                           |          | 27.2             | 17.4              |
| Non-current liabilities                   |          |                  |                   |
| Term loan 1                               |          | 13.6             | 13.8              |
| Term loan 2                               |          | 4.3              | 4.6               |
| Deerfoot term loan                        |          | 4.9              | 5.0               |
|                                           |          | 22.8             | 23.4              |
|                                           |          | \$ 50.0          | \$ 40.8           |
| Interest rates                            |          |                  |                   |
| Revolving credit line                     |          | 2.45% (P +0.00%) | 2.45% (P +0.00%)  |
| Term loan 1                               |          | 3.50%            | 3.50%             |
| Term loan 2                               |          | 2.45% (P +0.00%) | 2.45% (P +0.00%)  |
| Deerfoot term loan                        |          | 3.50%            | 3.50%             |

<sup>1</sup> Prime rate (P) at the end of the Quarter was 2.45%.

## 12 EQUITY

Common shares of the Company have no par value. The Company is authorized to issue an unlimited number of common shares without nominal or par value to which shares shall be attached the right to vote at any meeting of shareholders of the Company, receive any dividend declared by the Company, and receive the remaining property of the Company upon dissolution.

|                                                                         | six months ended<br>June 30, 2021 |          | twelve months ended<br>December 31, 2020 |          |
|-------------------------------------------------------------------------|-----------------------------------|----------|------------------------------------------|----------|
|                                                                         | Shares                            | Amount   | Shares                                   | Amount   |
| Opening number of common shares                                         | 23.3                              | \$ 159.4 | 24.3                                     | \$ 164.3 |
| Common shares purchased for cancellation under normal course issuer bid | (0.3)                             | (2.0)    | (1.0)                                    | (4.9)    |
| Ending number of common shares                                          | 23.0                              | \$ 157.4 | 23.3                                     | \$ 159.4 |

  

|                                                                     | six months ended<br>June 30 |       | three months ended<br>June 30 |       |
|---------------------------------------------------------------------|-----------------------------|-------|-------------------------------|-------|
|                                                                     | 2021                        | 2020  | 2021                          | 2020  |
| Weighted average number of common shares                            |                             |       |                               |       |
| Opening balance of common shares                                    | 23.3                        | 24.3  | 23.2                          | 24.1  |
| Weighted average effect of common shares purchased for cancellation | (0.1)                       | (0.2) | (0.1)                         | (0.1) |
| Weighted average common shares outstanding                          | 23.2                        | 24.1  | 23.1                          | 24.0  |

### Normal course issuer bid(s)

On July 21, 2020 the Company commenced a normal course issuer bid (the "2020 Bid"). Pursuant to the 2020 Bid, Gamehost is authorized to purchase for cancellation up to a maximum of 1.5 million common shares, being equal to 10% of Gamehost's "public float" outstanding on July 10, 2020. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 2,690 common shares in any one day, such amount being equal to 25% of the average daily trading volume for the six months ended June 30, 2020. Common shares purchased under the 2020 Bid will be made in the open market through the facilities of the TSX and any other Canadian marketplaces at the prevailing market price of the shares on the TSX and any other Canadian marketplaces at the time of purchase. The 2020 Bid will terminate on July 20, 2021 or such earlier time as the 2020 Bid is completed or terminated at the option of the Company. During the Period, 281,100 common shares were purchased under the 2020 Bid at prices averaging \$7.22/common share not including commissions.

### Dividends

| Dividends declared at Record Date | 2021      |           | 2020      |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
|                                   | per Share | Dividends | per Share | Dividends |
| January                           | \$ -      | \$ -      | \$ 0.0575 | \$ 1.4    |
| February                          | -         | -         | 0.0575    | 1.4       |
| March                             | -         | -         | 0.0575    | 1.4       |
| April                             | -         | -         | -         | -         |
| May                               | -         | -         | -         | -         |
| June                              | -         | -         | -         | -         |
|                                   | \$ -      | \$ -      | \$ 0.1725 | \$ 4.2    |

The Company's board of directors temporarily suspended regular monthly dividends in response to the COVID-19 pandemic. The Company's board of directors reviews dividend policy at each regularly scheduled meeting.

### 13 RELATED PARTY TRANSACTIONS

Related party transactions are measured at the exchange amount, which is the amount agreed to by the Company and the related parties. Related party balances are unsecured and non-interest bearing, with no specific terms of repayment.

The Company had related party transactions with David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will (collectively the "Wills"). The Wills are key management personnel, directors of the Company, and significant shareholders. Together, the Wills control 32.6% (32.1% - December 31, 2020) of the outstanding common shares of the Company at end of the Quarter.

- The Company incurred \$nil (\$0.3 - 2020) in key management personnel compensation with the Wills for the Period which is included in administrative expenses. Compensation is in the form of short term employee benefits, director fees, management agreements, and a general partnership agreement. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes, depreciation and amortization. \$nil (\$0.1 - 2020) remains in accounts payable at the end of the Period.
- A management services agreement between the Company and the Wills stipulates that the Wills are entitled to 1.5% of gross operating profit before interest, taxes, depreciation, amortization, and extraordinary items of the Company. These amounts are included in administrative expenses.
- The management services company engaged to perform the services referred to above is also the general partner of Gamehost Limited Partnership. The partnership agreement stipulates that the general partner is entitled to 0.01% of all cash distributions of the partnership. These amounts are included in administrative expenses.
- A management services agreement between Deerfoot and the Wills stipulates that the Wills are entitled to 1.5% of the gross revenues plus 2.0% of operational earnings before interest, taxes, depreciation, amortization, and extraordinary items of Deerfoot. These amounts are included in administrative expenses.
- The Company advanced \$4.5 (\$nil – 2020) for construction projects at Deerfoot and Rivers Casino & Entertainment Centre during the Period which is included in property, plant and equipment. The Company has engaged DJ Will Construction Ltd, a company controlled by the Wills to act as general contractor for the projects. DJ Will Construction Ltd. is entitled to a management fee of 1/8th of 1.0% of the final project cost for each project.

The Company incurred \$0.1 (\$0.1 – 2020) in directors fees for the Period paid to other directors of the Company which is included in administrative expenses.

The Company directly incurred \$0.1 (\$0.1 – 2020) of charter aircraft rental expenses during the Period with Noren Air Inc., a company controlled by the Company's COO. These costs are included in administrative expenses. Additional payments to Noren Air Inc were made indirectly by the Company through its general contractor, DJ Will Construction Ltd.

The Company incurred \$0.3 (\$0.3 – 2020) during the Period in key management personnel compensation paid or accrued to other officers or companies controlled by other officers of the Company, which is included in administrative expenses. Included in these figures are monthly fees paid under an operational services agreement between the Company and the Company's COO for overseeing site operations of the Company.



## 14 COMMITMENTS

The Company has an 87.75% contributing interest responsibility to Deerfoot for any capital funding requirements. Deerfoot is undertaking a 7,500 square foot expansion of its gaming and non-gaming amenities. At the end of the Quarter, Gamehost has contributed \$2.1 to the project representing 61.1% of the Company's contributing interest responsibility for the expected total project cost of \$3.9.

The Company has a commitment for a 6,350 square foot expansion of its non-gaming amenities at Rivers. At the end of the Quarter, Gamehost has contributed \$3.0 to the project representing 61.2% of the expected total project cost of \$4.9.

The Company has various other contractual commitments including a new property lease that will be effective August 31, 2021. Future undiscounted minimum payments of these commitments are:

| Commitments |       |                  |                   |                      |
|-------------|-------|------------------|-------------------|----------------------|
|             | Total | One year or less | Two to five years | More than five years |
|             | 4.9   | 0.4              | 1.3               | 3.2                  |

## 15 SUBSEQUENT EVENTS

### COVID-19

The province advanced to Stage 3 of Alberta's "Open For Summer Plan" on July 1, 2021. The Company's Great Northern and Deerfoot Casinos returned to operating without any mandatory COVID-19 restrictions as of this date, but continue to operate with optional COVID-19 safety protocols. Masks and physical distancing for patrons is encouraged but continues as policy for staff until conditions support amendment of policy.

### Rivers Casino & Entertainment Centre

The Company's Rivers Casino was rebranded as Rivers Casino & Entertainment Centre and reopened for table, slot and food & beverage services on July 6, 2021. Construction is ongoing to interior and exterior elements of the building and capacity is reduced for gaming and food and beverage operations as a result.

### Normal Course Issuer Bid

On July 21, 2021 the Company commenced a normal course issuer bid (the "2021 Bid"). Pursuant to the 2021 Bid, Gamehost is authorized to purchase for cancellation up to a maximum of 1.2 million common shares, being equal to 5% of Gamehost's issued and outstanding common shares on July 7, 2021. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 1,144 common shares in any one day, such amount being equal to 25% of the average daily trading volume for the six months ended June 30, 2021. Common shares purchased under the 2021 Bid will be made in the open market through the facilities of the TSX and any other Canadian marketplaces at the prevailing market price of the shares on the TSX and any other Canadian marketplaces at the time of purchase. The 2021 Bid will terminate on July 20, 2022 or such earlier time as the 2021 Bid is completed or terminated at the option of the Company.

In July 2021, the Company purchased for cancellation 47,100 common shares at prices averaging \$8.27/common share plus commissions.